

BOOK COMPANY IN FULL CONTROL

Shown by House Committee to
Be State Sales Agent for
All Publishers.

DOES NOT FIX PRICES

Whole Question as to Ownership
Presented—Called Benevo-
lent Monopoly.

That the Virginia Book Company exercises a benevolent monopoly in the sale of school books in this State was the substance of testimony presented yesterday before a special committee of three appointed by the Speaker of the House of Delegates to inquire into the activities of this organization. Business Manager Hugh Stockell, of the book concern, stated frankly that the company was in entire control of the text-book situation as far as distribution to the retail dealer was concerned, but maintained that the arrangement was a vast improvement over the days of free competition, and resulted in both a saving to the dealer and better service to the buyer.

The House committee was asked to establish whether the Virginia Book Company is a trust; who are the stockholders and officers; the amount of stock and in what proportion the stock is owned; what contracts exist between the school book publishing companies and the Virginia Book Company; what contracts are required to be executed between the Virginia Book Company and the local dealers; and whether the existence and activity of the company is consistent with school public policy.

Is the Company a Trust?

Dr. S. T. A. Kent, of Halifax, presided over the meeting, and Attorney W. A. Willeroy conducted the examination. It was determined, upon motion, to follow the court procedure in examining witnesses, excluding from the committee room all persons connected with the book company while one of their number was being examined. Manager Stockell, of the Virginia Book Company, was the first to give his testimony.

"Is the Virginia Book Company a trust?" was Mr. Willeroy's first question, after the preliminaries establishing the witness's connection with the company were disposed of. "You will have to define 'trust' before I can answer that question," said the witness.

"The word 'trust' as used in the instructions to the committee, thought Mr. Willeroy, was equivalent to monopoly."

"Isn't it a fact that you control the contracts with all of the publishers issuing the books named by the State Board of Education, and that these firms will not sell school books to other than your company, except for cash and at the regular retail price?"

Controls Sale.

"I think that any dealer applying to the publishers for school books used in Virginia would be referred to us," admitted Mr. Stockell. "We have assumed the contracts between the State Board of Education and the publishers, together with the responsibility of distribution. It would be impossible for us to operate at all; we could form no estimates of the number of books necessary, nor could we maintain our liberal return privilege. If we were not left sole distributors in Virginia."

"Isn't it true that you prohibit your dealers from buying books on the outside? You compel them to buy all their school books from you, don't you?" questioned Mr. Willeroy.

"Yes; we have to do that, as I said before, to be sure that the unsold books we accept are those of our own assignment, and not some one else's. Besides, none of the publishers would sell to dealers for Virginia consump-

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tion, except at the prices at which the books are supplied to the children."

Has Not Affecting Prices.

The question of price is entirely beyond the control of his company, declared Mr. Stockell. The price of each book is fixed by contract between the State Board of Education and the publishers, and adherence to it is made one of the clauses of the agreement. It was wholly beyond the power of the Virginia Book Company to influence the price of books, he said, the company concerning itself solely with distribution.

"Instead of a condition of chaos, in which dealers in many cases charged what they pleased for books, and in the end found themselves overstocked and in many cases without a profit to show for the season, the present arrangement," said Mr. Stockell, "regulates the supply closely to the demand, and by virtue of the contract with the dealer renders overcharge impossible."

At the request of the Committee Mr. Stockell introduced the stock book, showing the composition of the company. It showed the company to be a corporation, the stock of which was divided into fifty shares of the par value each of \$100. These are held as follows: Victor R. Smith, of Atlanta, president of the company, twenty-five shares; the J. P. Bell Co., Lynchburg, seven shares; the Caldwell-Stice Co., Danville, seven shares; T. S. Beckwith & Co., Petersburg, four shares; and the Bell Book and Stationery Company, Richmond, seven shares.

Further questioning brought out the fact that the present stockholders, together with two or three other jobbers, before the formation of the Virginia Book Company, enjoyed practically the entire wholesale book trade of the State. The Atlanta man retained the privilege of acquiring half of the shares, for engineering the enterprise, furnishing the experience and practical advice.

The total sales, since the incorporation of the company last July, Mr. Stockell placed at approximately \$100,000. He stated that this represented the gross sales of the best season of the year, and that at least sales of \$100,000 more would be necessary before the company could break even on the year's business.

Asked in regard to the profits of his company and those of the dealer, Mr. Stockell stated that the Virginia Book Company is allowed by the publishers a discount of 20 per cent. Of this amount, he said, 10 per cent. went to the retail dealer. Out of the remaining 10 per cent. the company has to pay operating expenses, freight on shipments from the publishers to Richmond on all packages of over fifty pounds shipped to dealers, as well as all charges on books returned.

Limits Retail Competition.

A letter was introduced by Dr. Kent, written by the book company to a prospective dealer, in which emphasis was laid on the fact that the school

book agency would be given to only one dealer in a town, thus limiting competition and insuring more profit. Mr. Stockell was asked if it was not the policy of the company to have few dealers, and if the letter did not indicate clearly a monopolistic tendency.

Mr. Stockell replied that it was their practice to place the agency with only one dealer in a small community, for it was the plan that worked best. It enabled such a dealer to carry a complete stock of books—a thing that was found to be impracticable with a number of dealers in a small community. In large towns he said, no such limitation was placed. The company attempts to effect the best plan of distribution, and was found that fewer dealers with larger stocks, meet the situation better than a great many with partial stocks.

Other Witnesses.

R. O. Bell, president and treasurer of the Bell Book and Stationery Company, Richmond, stated that he was secretary and treasurer also of the Virginia Book Company. He repeated the main points brought out in the examination of Mr. Stockell. The Virginia Book Company, he said, in reply to a question, had forced out of the business of jobbing text-books, two or three firms which were in the field before the company was formed. Most of them were losing money at it, he thought, and were sorry to see that branch of their business go.

James H. Price, a Richmond attorney, and president of the Beverly Book Company, of Staunton, testified to having a purely formal connection with the Virginia Book Company, as one of its incorporators, but knew nothing of its contracts either with the publishers or dealers. Speaking from the standpoint of the retailer, he thought that the business of selling school books at retail was seldom profitable and often conducted at a loss.

Clyde W. Saunders, representing a Richmond publishing house, declared that his firm had no connection with the Virginia Book Company. It printed books for several Northern firms, and often supplied them to the Virginia Book Company, upon order from New York.

An Ideal Arrangement.

Harry M. Hedden, general agent for Houghton, Mifflin & Company, who was present at the examination as an interested outsider, gave the viewpoint of the publisher. The Virginia Book Company, he said, was modeled after similar organizations in most of the Southern States. He did not want to be understood as either championing or denouncing the company under examination, as he knew nothing of it beyond that which he had heard since coming to the city.

The plan of centering the whole school book trade of a State with a single company, he thought, was an ideal arrangement. It simplified the business of the publisher, made overstock on the part of the dealer impossible, eliminated the possibility of overcharge to the consumer, and resulted in better distribution. The most progressive States of the Union, he said, had adopted the scheme as the only practicable one.

Another Meeting To-Morrow.

The committee went into executive session immediately after the examination of the witnesses and decided to hold another meeting to-morrow morning at 9 o'clock. Attorney-General Williams, who was present at the opening of the meeting, asked for time in which to prepare data he had to offer, and will submit his information Wednesday.

HOUSE

Rev. Benjamin Dennis led the House in prayer at the opening of yesterday's session.

Among the first reading measures were the labor bills, approved Saturday by the Committee on General Laws, and the bill providing for purging the pension rolls.

Mr. Land offered a joint resolution providing for the election of a judge to succeed Judge Cralley A. Watson, which was later amended by adding the Corporation Court of Staunton.

Gambling Bill Up Again.

The gambling bill, debated previously on two different days, was read a third time. Mr. Oliver, a friend of the measure, moved that it be recommended to the Committee on General Laws for the purpose of recasting it so that there would be no doubt of its meaning.

Attention was called to the fact that it might mean a prohibition of betting for money, or of betting on a game not played for money.

Mr. Stephenson, the patron, opposed recommitment. He said this bill seemed to have a great many friends who wish to amend it, yet they delay might kill the bill. To send it back to the committee, he said, would probably mean its death. He expressed a willingness to be beaten if it failed to accomplish its purpose of prohibiting gambling for small sums of money.

Mr. Rutherford called attention to the fact that the bill would allow any one to gamble away his home or farm or anything he had, but would not allow him to play for one cent. "If this House," he said, "is going after gambling as an abstract principle, let us make it include the whole thing." He asked if the measure would not repeal the general law limiting values to \$200, except as to money.

In reply, Mr. Stephenson said he was after the principle of the law, not the stands, which practically legalizes gambling to the limit of \$200.

Mr. Coleman, of Norfolk, thought the bill ambiguous, and supported the motion to recommit. The Oliver motion to send it back to committee was carried on a yeas and nays vote by 43 to 22. A roll call was then forced on a show of hands by friends of the measure, and resulted: Yeas, 48; nays, 28. It was freely predicted that this means the end of the proposition, although it may reappear later on the House Calendar.

Bills Are Passed.

The following uncontested bills were read a third time and passed: Authorizing the school board of Western Magisterial District, in Norfolk county, to borrow \$14,000 for funding, and \$20,000 for school improvements.

Authorizing Washington Magisterial District, in Norfolk county, to borrow \$20,000 for school improvements.

Providing for agricultural high school in a new congressional district by redistricting it shall remain there.

Requiring the burial of hogs and fowls dying from infectious and contagious diseases.

Requiring clerks of the Supreme Court to mail copies of all briefs and records to the law library of the University of Virginia.

Giving boards of supervisors discretion as to the payment of bonuses on prizes of income tax animals.

This bill was offered by Judge Martin Williams, in whose county of Giles

LEGISLATIVE COMMENT

By LEWIS H. MACHEN

CITY TREASURERS AND COMMISSIONERS.

The passage by the House of Delegates, with only one dissenting vote, of the resolution proposing to re-submit to the people the constitutional amendment allowing them to re-elect city treasurers and city commissioners of the revenue, indicates that it will almost certainly pass the House also. The resolution proposes to submit the questions as to the two classes of officers so that they may be voted upon separately.

The resolution which was voted upon by the people in 1910 contained the two propositions in a blended form, and it was therefore necessary to adopt or reject both. It was ably argued before the House committee that this form was improper and had a tendency to bring about the defeat of the whole amendment. Whether this be true or not, it is urged that, inasmuch as the constitutional restrictions have been removed so far as the treasurers and commissioners of the revenue of the counties are concerned, it is only right that the like office of cities should be treated in like manner.

The Constitutional Convention thought it wise to disallow the old-time re-elections of these officials in order, as it was stated, to have a freer choice of officers, and to bring about the necessity of making every one who handles revenue is obliged to make when he turns the office over to his successor. The opponents of the result could just as well be accomplished by a system of accounting, and that it was unnecessary in order to accomplish this object to disqualify a host of satisfactory officers, whom the people desired to continue in their positions.

The Constitution, however, further provided that the Legislature might make the commissioners of the revenue appointive by the courts, and, in that event, the commissioners might be appointed outside, gave the people a choice. Then came the time when the people were obliged to choose between giving up their right to elect the commissioners, which they did not wish to do, or else losing the services

LIMITATIONS ON STORE ACCOUNTS.

The bill of Delegate Meeter to enlarge the period during which actions may be brought on store accounts from two years to three is exciting considerable interest in the House of Delegates, as every act concerning the dear old statute of limitations is likely to do. As to other kinds of contracts, the statute runs three years, and those simply in writing run five, and those in writing run five, and those in writing run five.

The general effect of the proposed statute would probably be not very great; and yet it is likely that the merchants of the State would welcome it, as removing at least a small obstacle to the collection of their overdue accounts.

The House adjourned at 2 o'clock.

On motion of Mr. Daniel, the House decided to send the usual committee to visit the State Farm and make a report. The committee is composed of Mr. Daniel, Mr. Martin and Mr. Chalkley.

Call of the calendar beginning, the House again postponed consideration of the bill to permit the Henrico supervisors to increase the salary of the judge of the Circuit Court.

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Southall was nominated for judge of the Fourth Judicial Circuit, to fill the vacancy caused by the resignation of Judge Walter A. Watson, by Mr. Land and seconded by Mr. Clarke, Mr. Gilliam, Captain Haskin, Colonel Harwood, Mr. Rutherford and Mr. Love. Mr. Kemper nominated Captain Richard S. Ker to the Corporation Court of Staunton, to succeed Judge Henry W. Holt, who has resigned to become a circuit judge. The nomination was seconded by Mr. White, of Rockbridge. Both were elected unanimously.

The following House bills were passed on their final reading:

Exempting cities with more than 70,000 people from the operation of the law requiring officials to be residents.

Regulating the pay of supervisors of Isle of Wight county for work as road commissioners.

The House adjourned at 2 o'clock.

SENATE

Thirty-four Senators reported for duty yesterday noon, when Lieutenant-Governor J. Taylor Ellison called the upper house to order. Reading of the journal was dispensed with. The roll call of the standing and special committees brought no reports, and the Senate proceeded at once with the calendar.

Two Senate bills—one to amend the Code of Virginia relating to the report of the Auditor of Public Accounts, and the other to amend an act approved March 12, 1906, providing a retirement fund for public school teachers.

By Mr. Fitzhugh: A bill to authorize the town of Cape Charles, in Northampton county, to issue bonds and borrow money for the purpose of erecting, equipping and operating a plant for the manufacture, distribution and sale of ice cream.

By Mr. Watts: A bill to amend the charter of the city of Roanoke.

By Mr. Fitzhugh: A bill to authorize the town of Cape Charles, in Northampton county, to issue bonds and borrow money for the purpose of funding or redeeming certain outstanding bonds, known as water bonds, and to extend and improve the water sewer system of the town.

By Mr. Taylor: A bill to authorize P. A. Richmond, who is under twenty-one years of age, but over twenty years of age, to qualify as deputy for J. F. Richmond, county clerk of Scott county, Va.

By Mr. Fitzhugh: A bill to permit George F. Hartman to build a toll bridge across King's Creek, in Northampton county.

By Mr. Bell: A bill to prevent the trapping of foxes in the county of Louisa, except the months of November and December in any year, and requiring those who trap foxes to visit their traps every day, so as to trap, release any dog or dogs that may have been caught in a trap.

To Committee on Roads and Internal Navigation.

By Mr. Stephenson: A bill to amend an act to provide the establishment, proper construction and permanent improvement of the public roads and landings, for building.

(Continued on Ninth Page.)

HOUSE BILLS

The following were presented and referred under Rule 7:

To Committee on Finance. A bill to amend and re-enact section 55 of the Code of Virginia, entitled "When no tax on coal."

By Mr. Kemper: A bill to separate State, county and municipal taxes in Virginia.

By Mr. Stephenson: A bill to amend the Constitution of the State of Virginia.

To Committee on Schools and Colleges.

By Mr. Rakes: A bill to repeal an act, approved March 12, 1906, providing a retirement fund for public school teachers.

To Joint Committee on Special, Private and Local Legislation.

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